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[Vietnam: Some leading politicians in South Vietnam have voiced confidence in their ability to meet the Communists' political challenge in any legal postwar competition.

Spokesmen for a newly united faction of the Vietnam Nationalist Party (VNQDD) have said the party was not afraid of a coalition government with the Communists and have proposed broad policies that would assist nationalist elements to outmaneuver the Communists.

These newly confident attitudes may indicate that at least some political leaders are becoming aware of the need to curb their narrow parochial interests if they are to compete successfully with the Communists. Traditional South Vietnamese factionalism, however, will remain a major obstacle to the creation of a genuine and lasting political counterweight to the Communists.

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The military situation continues quiet. All the signs, however, continue to indicate that the enemy hopes to kick off a major offensive sometime in the next several days.

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[USSR-Berlin: Moscow announced on 20 February that Soviet and East German army units would hold exercises early in March in the central and western regions of East Germany.

The movement of military units to and from the training areas and possibly the maneuvers themselves could force at least temporary closures of the autobahns before and during the West German presidential election scheduled for 5 March. The Soviets will probably also impose new temporary restrictions on the travel of Allied Military Mission observers in central East Germany prior to the exercises.

The announcement of the maneuvers adds to the tensions surrounding the West German election, but the Soviet press has not played up the connection between the two events and has generally refrained from direct and specific threats. An interview with Warsaw Pact Commander Yakubovsky on 21 February praised the might of the Soviet military, but this was in the context of the 51st anniversary of the army and the navy. Yakubovsky made no mention of Berlin or Germany.

East German harassment of West German traffic on the autobahns has resulted in only minimal delays over the last two days.

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Pakistan: President Ayub Khan's announcement that he will not run for re-election in January 1970 is unlikely to end the increasing chaos of the political situation in Pakistan.

Ayub's capitulation to continuing opposition pressure came yesterday after more than three months of violent, nationwide agitation and in the midst of near anarchy in East Pakistan despite military-enforced curfews. Throughout the country, the government's position has steadily deteriorated as hardliners and student activists have come to dominate the protests. Latent separatist sentiment in East Pakistan appears to have emerged as the driving force behind the disturbances there. Ayub's inability to get government-opposition talks under way this week--even after major concessions--was probably the final blow, convincing him that he could no longer run the country.

Since Ayub has groomed no successor, his eventual removal from the scene leaves the way completely open to the disparate and fragmented opposition forces. No other leader at present commands enough support to unite the nation, although several independents have national stature and have thus far avoided interparty bickering. Hard-line opposition leaders, including ex-foreign minister Bhutto, may continue to demonstrate their support in the streets.

The immediate prospect is for confusion in opposition ranks as the various parties regroup and bid for each other's support, since no party is capable of ruling alone. Member parties of the fragile coalitions formed from time to time have traditionally been able to agree only on opposition to the regime and broad constitutional changes.

Ayub apparently intends an orderly transition, but he now has little power to control events. Opposition leaders may still be willing to meet with

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him to work out constitutional changes which he hopes to effect before the elections.

If chaos continues indefinitely, however, the possibility of army intervention cannot be ruled out. The military remains one of the few stable elements in Pakistani society and has stepped in before when there appeared to be no other way to restore order.

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Western Europe: The current dispute in the Western European Union (WEU) has pointed up Britain's determination to play a larger role in Europe and France's equal determination to resist.

Accounts from both the British and French make it evident that both sides are fully aware of the large stakes involved. Foreign Office officials in London believe the crisis has stimulated renewed public interest in the government's policy to enter Europe.

These officials, furthermore, regard the WEU session last week on the Middle East--which was "carefully prepared" in bilateral conversations between the British and the Five--as a test run of their strategy to intensify contacts with the European Community countries through meaningful political consultation.

French statements following the cabinet meeting on 19 February suggest that De Gaulle principally wants to prevent any further coalescence around the British, but probably does not at this point wish to let the crisis deepen. At the same time, in confirming France's boycott of WEU Council sessions until all WEU members agree that political consultations can be held only on the basis of unanimity, Paris has taken a hard position from which it may be difficult to retreat.

There are, meanwhile, no signs that the British intend to relinquish the temporary advantage they have gained. According to the Dutch, London even has plans for beefing up WEU into a much more effective forum for consultation. Despite the French boycott, another regular session of the Council is scheduled for 26 February.

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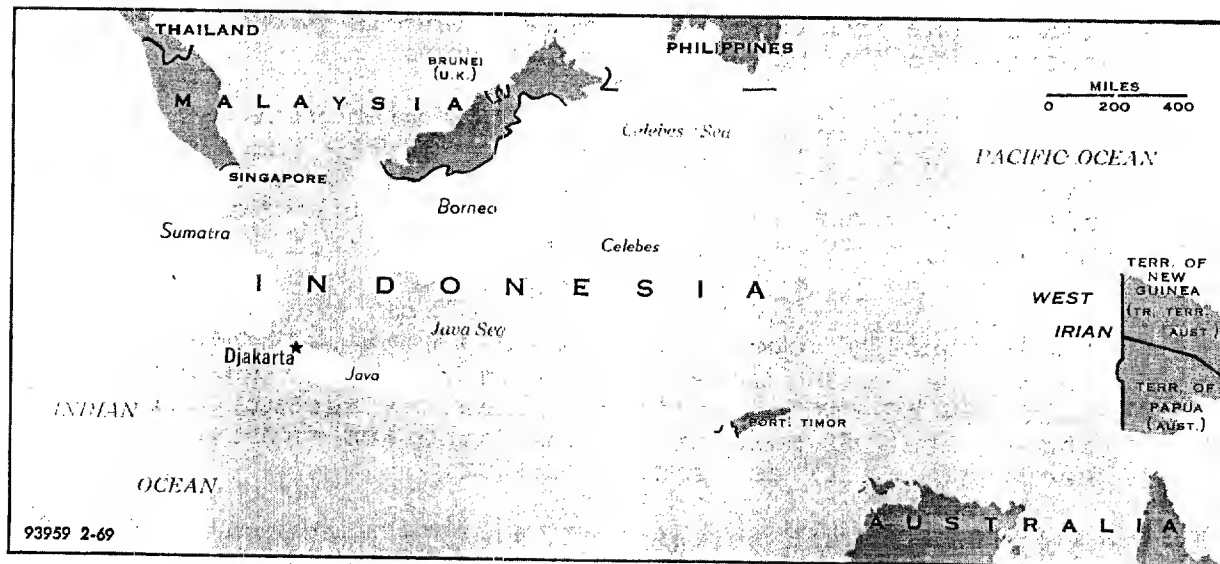
【 The extensive press coverage given the conflicting British and French versions of De Gaulle's conversation of 4 February with British Ambassador Soames is certain to exacerbate relations among the WEU members. According to the British, De Gaulle implicitly threatened to break up the Common Market. [redacted] have publicly denied the British version.

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Indonesia: Djakarta is accelerating its program for West Irian's "act of self-determination" scheduled for this year.

Indonesian representatives have received a generally sympathetic hearing from UN and Netherlands officials on Djakarta's plan to conduct the process through consultation. The Indonesians argue that few of the West Irians are politically aware enough to vote and that consultation and consensus are an established method of reaching decisions in the area.

Djakarta plans to enlarge the regional councils by adding more of the literate elements of the population. These councils, along with tribal leaders also appointed by Djakarta, are expected to reach a consensus in favor of uniting formally with Indonesia. The act itself may take some months, and Indonesian officials have indicated they might start sometime this summer, technically several months ahead of the time agreed to in 1962 by the Netherlands and Indonesia.

The Indonesians apparently hope that tacit acceptance of their plans by the UN and the Netherlands, along with support from the Australian minister for external affairs, will help head off possible charges by some UN members that the procedure is rigged. (Map)

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Communist China: Peking's most recent statement on economic policy provides a fresh indication of disagreement within the Chinese leadership.

An editorial in People's Daily, broadcast on 20 February and billed as a major pronouncement, carries a heavy dose of Maoist prescriptions for increasing production. The subject matter and the over-all thrust of the editorial, however, suggest that attempts are being made to exert a restraining influence.

During the Cultural Revolution major pronouncements have only rarely dealt with economic questions. This statement acknowledges the need for unified national planning, and even makes reference to the third five-year plan--initiated in 1966 but thought to have been abandoned.

It is not clear whether the editorial is part of a continuing debate or an indication that a new effort is being made to curb the Maoist social "reforms" that have made it difficult to operate the economy.

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Nordic Economic Union: The prime ministers of Denmark, Norway, Sweden and Finland, meeting in Helsinki on 18-19 February, ran into disagreements which may delay creation of the Nordic Economic Union (NORDEC).

Difficulties over a common agricultural policy may be too great to resolve this year, but discussions are continuing on such other unresolved questions as a common fisheries policy, tariff arrangements, capital movements, and the nature of administrative organs. Because of their numerous trade and treaty ties with the Soviet Union, the Finns are reemphasizing that any proposed economic union should take into account Finnish trade with the USSR. Such accommodation was made when Finland entered into its association with the European Free Trade Area.

The Finns continue to receive conflicting reactions from Moscow on NORDEC. Foreign Minister Karjalainen, in Moscow since 17 February, is reported to have discussed NORDEC with Prime Minister Kosygin and Foreign Minister Gromyko, but the substance of these discussions is not yet known. The Finnish press reported, however, that the Soviet leaders did not support the denunciations of NORDEC recently carried by Radio Moscow and the Soviet press.

In contrast to the optimistic announcements on the outlook for NORDEC after earlier meetings, the prime ministers this time seem more reserved. Faced with delays in resolving intra-Nordic problems, the prime ministers apparently also are waiting until the Finns receive clearer indications from Moscow as to the Soviet position on Nordic economic integration.

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USSR - Southern Yemen: The USSR has agreed to provide its first economic assistance and to increase its military aid to Southern Yemen.

During President Qahtan's recent visit to Moscow an economic credit worth \$12 million was extended, matching a Chinese Communist credit of last September. The USSR reportedly is to receive a four-year fishing concession for its help in developing Aden's fishing industry, and Soviet ships will be exempt from all port fees at Aden in return for Soviet assistance in improving the harbor.

The USSR agreed to supply some small arms, [] tanks and [] MIG jet fighters, presumably MIG-17s. []

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NOTES

USSR-Peru: The recently signed Soviet-Peruvian trade agreement has failed to live up to Lima's expectations in that it did not include any specific trade goals. The Soviet delegation reportedly told the Peruvians that it was not authorized to discuss any significant expansion of trade or conclude any agreements for technical assistance or for commercial credits. This strongly suggests that although Moscow is willing to lay the groundwork for closer economic relations, it wants a better idea of the Velasco government's policies before undertaking any major commitments. [REDACTED]

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Nigeria: Federal leader General Gowon has made his first visit to a front-line divisional command headquarters, probably to try to improve coordination and to shore up sinking morale among federal troops. The division commander had earlier complained that the failure to launch the federal "final offensive" resulted from a lack of direction from Lagos. Troop morale has seriously deteriorated and, [REDACTED] desertions and self-inflicted wounds are on the increase. There is also some dissension among the three division commanders. [REDACTED]

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